

May 20, 2009 - Pentagon Eyes Two Presidential Helicopter Models

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Pentagon Eyes Two Presidential Helicopter Models

By Andrea Shalal-Esa, Reuters

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WASHINGTON

-- Lockheed Martin Corp's VH-71 presidential helicopter program was a "poster child for an acquisition process gone seriously wrong," and a new competition could focus on two different models, Defense Secretary Robert Gates told lawmakers on Wednesday.

Gates said in April that he would stop the VH-71 helicopter being developed by Lockheed and its partner AgustaWestland, a unit of Italy's Finmeccanica SpA, after program costs threatened to double to over \$13 billion.

On Wednesday, Gates told a House Appropriations subcommittee that it would cost about \$1.2 billion in termination fees to end the program and extend the life of the current fleet of presidential helicopters.

That is far less than the Navy's estimate of over \$5 billion for termination fees and upgrades, which was cited in a congressional memo obtained by Reuters on Tuesday.

Representative John Murtha, head of the subcommittee, questioned Gates' estimate and the tough presidential security requirements imposed by the Secret Service.

"I wish you'd really look at the present money we've spent and see if we can't adapt something to that," Murtha said.

The Pentagon has already spent \$3.2 billion on the new helicopter, based on AgustaWestland's EH101 model. Lockheed has delivered four test aircraft and five production models.

The companies had offered to build 14 more of the first version of the aircraft for about the \$6.8 billion the program was initially slated to cost, but Gates rejected the idea.

Gates defended his decision on Wednesday, saying the new helicopters would have cost \$1 billion each while offering just half the flying range of existing aircraft when carrying 10 passengers.

The problem, he said, was that too many requirements were added to the program after it was started.

The Pentagon plans to work closely with the White House to develop a new program that is more reasonable, he said.

One idea "worth pursuing" was to buy two different helicopters, Gates said. One could be for the president to use locally and another, modified aircraft could be used as an "escape" helicopter in the event of an attack.

"All of the requirements that are being placed on this helicopter may not be feasible in a single helicopter, and maybe we look at one for escape and one for regular, everyday use," he said.

Sikorsky Aircraft, a unit of United Technologies Corp, which made the existing helicopters but lost the last competition to Lockheed, welcomed Gates' statements.

"The Pentagon is doing exactly what we'd expect by exploring all options," a spokesman said, adding that Sikorsky was confident it could meet the needs for the new aircraft.

Boeing Co, which also builds military helicopters, declined comment.